



Guidelines for Budget Form

Cost Categories & Instructions

Explanations for cost categories are in relation to implementation of the four core components of the VEI program: Training (Business Plan Development Training & Business Skills Training), One-on-One Technical Assistance, Microloans, and Follow-Up Assistance. Budgeted expenses range from administrative management of the ME program to acquisition of materials to provision of capital for microentrepreneurs.

1. *Personnel* – All staff working for the ME program (full time, part time, or volunteer). The amounts budgeted on this line, across all columns, are the sum of amounts budgeted for salary (a) and fringe (b) (described below).
 - a. *Salaries* – Salary expenses for all staff working for the ME program
 - b. *Fringe Benefits* – Amount that ME staff receive for work-related benefits. This may include: retirement, health insurance, unemployment insurance, life insurance, leave from work, employers' contribution for social security, pension plans, severance pay, etc.
2. *Travel* – Expenses related to travel for the ME program. This may include: lodging costs, parking fees, toll expenses, transportation expenses, etc.
3. *Equipment/Furnishings* – Expenses related to acquisition of non-expendable office equipment and furniture. This may include: photocopier, scanner, fax machine, desks, chairs, lamps, bookcases, etc.
4. *Office Expenses* – Expenses associated with daily operation of ME program and may include: photocopies, toner, office supplies, etc.
5. *Contractual* – Expenses related to acquiring the professional services of an individual or firm in support of the ME program. Such expenses may include legal fees, the cost of a financial consultant to provide targeted TA, or audited services.
6. *Occupancy Expense* – The cost of rent for property or equipment. Funds may not be used for unoccupied space. The amounts budgeted on this line, across all columns, are the sum of amounts budgeted for Occupancy (rental costs) as well as Maintenance and Operation (a) (described below).

- a. *Maintenance and Operation* - Expenses not included in the cost of rent.
Examples: utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, maintenance or repair of property.
7. *Loan Fund* – Funds budgeted for provision of capital to microentrepreneurs as outlined in subcategories below. The amounts budgeted for these cost categories are to be entered in Column D (shaded cells). The total amount budgeted for the Loan Fund is a sum of amounts budgeted for lines a-c (described below):
 - a. *Loan* – Funds budgeted for loans. This amount may be an aggregate of VEI funds as well as funds leveraged from partners. Funds denoted here must be for microloans (\$35,000 or less per individual loan).
 - b. *Loan Loss Reserve* – Funds budgeted for loan losses (anticipated).
 - c. *Grant* – Funds budgeted for potential incentives to businesses or activities, i.e. small award for business plan contest. Note: Funds for this purpose must come from sources other than VEI.
8. *Advertising* - Funds budgeted are for the recruitment of personnel for the ME program, procurement of goods and services, as well as marketing and advertisement of the ME program to outside sources. Examples of advertising media may include: newspapers, magazines, radio/TV programs, direct mail, trade papers, etc.
9. *Communication* – Costs budgeted for telephone calls, courier, postage, fax service, internet, etc.
10. *Subscriptions/Memberships* – Costs budgeted for memberships in professional civic, business, and technical organizations as they relate to ME development. Also, costs budgeted for reference or resource material through subscriptions to civic, business, and technical ME periodicals and journals.
11. *Printing and Reproduction* – Costs budgeted for printing and reproduction services necessary for realizing ME program objectives. This may include: forms, reports, manuals, and informational literature.
12. *Conference/Seminar* – Costs budgeted for registration at ME-related conferences and seminars.
13. *Total* – The amount of all budgeted costs for relevant cost categories for a particular column.
14. *Amount of Total Column which is VEI Funds* – The sum of all budgeted costs for each column is a combination of VEI and Non-VEI funds. Funds available for budgeted costs from VEI are determined according to the matching criteria below:

- 25% of all budgeted costs, within the column, which are used for capitalizing a revolving loan fund, a loan loss reserve account, or providing a credit enhancement for microenterprise loans.
- 80% of all budgeted costs, within the column, which are used for business skills training, business plan development training, one-on-one technical assistance, administration, or other program expenses beyond the loan pool.
- The amount entered under Column D is a combination of VEI budgeted funds for the Loan Fund at the 1-to-3 VEI to non-VEI matching ratio (from amount in shaded cells) as well as VEI budgeted funds for all other services (training, administration, TA) at the 4-to-1 VEI to non-VEI matching ratio.

15. *Amount of Total Column which is Non-VEI funds* – The sum of all budgeted costs for each column is a combination of VEI and Non-VEI funds. Funds available for budgeted costs from Non-VEI sources are determined according to the matching criteria below:

- 75% of all budgeted costs, within the column, which are used for capitalizing a revolving loan fund, a loan loss reserve account, or providing a credit enhancement for microenterprise loans.
- 20% of all budgeted costs, within the column, which are used for business skills training, business plan development training, one-on-one technical assistance, administration, or other program expenses beyond the loan pool.
- The amount entered under Column D is a combination of Non-VEI budgeted funds for the Loan Fund at the 1-to-3 VEI to non-VEI matching ratio (from amount in shaded cells) as well as Non-VEI budgeted funds for all other services (training, administration, TA) at the 4-to-1 VEI to non-VEI matching ratio.

Microenterprise Program Services – (Columns A-E)

Costs budgeted for all columns are divided among the relevant cost categories (1-12) described above.

Administrative (Column A) – Budgeted costs that refer to administering VEI grant-related services. Costs entered in this column are more general for grant administration and do not directly relate to the services described below.

Training: Business Plan Development Training & Business Skills Training (Column B) – Budgeted costs for training-related services.

Example: Personnel costs for training courses

One-on-One Technical Assistance (Column C) - Budgeted costs for technical assistance services. Such assistance includes counseling microentrepreneurs on the various stages of the business planning process.

Microloan Fund (Column D) - This column breaks down budgeted costs for both capitalizing and administering the loan fund as follows:

- Budgeted costs entered in the shaded cells refer to capital for potential loans, loan loss reserve or grants (potential incentives to businesses).
- Budgeted costs entered in the non-shaded cells refer to costs associated with administering the loan fund.

Follow-Up Assistance (Column E) – Budgeted costs for providing assistance to microentrepreneurs once they have received the loan and have initiated the microenterprise.

Totals

Subtotal VEI (Column F) – All cells in this column, except for those that are shaded, are subtotals of all budgeted costs from VEI funds for the designated category at the 4-to-1 VEI to Non-VEI matching ratio. The shaded cells are subtotals of all budgeted costs from VEI funds for the Loan Fund and subcategories. The cell shaded in black signifies that any budgeted costs for grants (incentives to businesses) must be provided using Non-VEI funds.

Subtotal Non-VEI (Column G) – All cells in this column, except for those that are shaded, are subtotals of all budgeted costs from Non-VEI funds for the designated category at the 4-to-1 VEI to Non-VEI matching ratio. The shaded cells are subtotals of all budgeted costs from Non-VEI funds for the Loan Fund and subcategories.

Total Column H (F+G) – All cells in this column represent the total amount budgeted for the designated cost category for the ME program with funds from VEI and Non-VEI sources combined.

*Use the section at the bottom of the form entitled “Notes” to provide commentary for any budgeted amounts that need further explanation or clarification.

Note:

- 1) Indirect costs (overhead expenses) are not a reimbursable expense under the VEI program.
- 2) Formulas are provided for cells which are summations of all expenses in the designated column or row.